

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION - LOS ANGELES

UNITED STATES OF AMERICA,	)	CASE NO: 2:18-MJ-02255
	)	
Plaintiff,	)	CRIMINAL
	)	
vs.	)	Los Angeles, California
	)	
LEV ASLAN DERMEN,	)	Tuesday, August 28, 2018
A/K/A LEVON TERMENDZHYAN,	)	
	)	(4:34 p.m. to 6:16 p.m.)
Defendant.	)	

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DETENTION HEARING

BEFORE THE HONORABLE GAIL J. STANDISH,  
UNITED STATES MAGISTRATE JUDGE

APPEARANCES:

For Plaintiff:	RICH ROLWING, ESQ. LESLIE GOEMAAT, ESQ. U.S. Attorney's Office 312 North Spring Street Los Angeles, CA 90012
For Defendant:	MARK J. GERAGOS, ESQ. Geragos & Geragos Historic Engine Company No. 28 644 S. Figueroa St. Los Angeles, CA 90017
Court Reporter:	Recorded; CourtSmart
Courtroom Deputy:	E. Carson
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1 Los Angeles, California; Tuesday, August 28, 2018; 4:34 p.m.

2 (Call to order)

3 THE CLERK: Calling Case Number 18-2255-MJ, USA  
4 versus Lev Aslan Dermen (indisc.) counsel please state your  
5 appearances.

6 MR. GERAGOS: Good afternoon, your Honor, Mark  
7 Geragos, G-E-R-A-G-O-S, appearing with Mr. Termendzhyan, who's  
8 present in custody.

9 THE COURT: Custody, good afternoon, Mr. Geragos.

10 MR. ROLWING: Good afternoon, your Honor, Richard  
11 Rolwing, R-O-L-W-I-N-G, and Leslie Goemaat, G-O-E-M double "A"  
12 T, with the --

13 THE COURT: M, double "A," T.

14 MR. ROLWING: -- with the Department of Justice on  
15 behalf of the Government.

16 THE COURT: DOJ, okay. Good afternoon, everybody.  
17 You have the file, Ms. Carson, or did I leave it in my  
18 chambers?

19 (Judge/Clerk confer)

20 THE COURT: Oh, goodie. Pardon me, ladies and  
21 gentlemen.

22 (Pause from 4:35 p.m. to 4:39 p.m. while Judge retrieves  
23 file)

24 THE COURT: My courtroom deputy just wants me to get  
25 exercise. Our chambers are about a quarter of a mile around

1 the building, so I think that she was just making sure that I'm  
2 getting my exercise for the day. All right, let's do this  
3 again. Are we still on the record?

4 **MS. SPEAKER:** Yes.

5 **THE COURT:** Okay, all right. My recollection now is  
6 that we were here, we continued the detention hearing because  
7 Mr. Geragos was not in court, he had someone specially  
8 appearing for him --

9 **MR. GERAGOS:** That's correct.

10 **THE COURT:** -- the first day so we didn't do either  
11 the detention hearing or any of the further proceedings for  
12 this out-of-district case. So the Government has made a motion  
13 for detention that I had in the file previously. What I  
14 usually do is ask the Government to make its proffer in its  
15 opening argument as to the issue of detention.

16 **MR. ROLWING:** Thank you, your Honor. Rich Rolwing  
17 again, your Honor, thank you. Mr. Dermen, which is a recent  
18 name change, formerly known as Levon Termendzhyan, is charged  
19 in the District of Utah with significant serious felonies of  
20 money laundering, conceal and disguise, I believe four counts  
21 carrying with the maximum statutory penalty of 80 years. He is  
22 alleged to have schemed with his two codefendants in this money  
23 laundering in defrauding the United States of over \$500  
24 million. The evidence will show that he is involved in at  
25 least 456 million of those fraud proceeds being received by his

1 co-defendants and shared with Mr. Termendzhyan. And the  
2 attempt was in excess of \$1.1 billion. These are very serious  
3 offenses carrying with them guidelines that approach, if not  
4 exceed, the table. He's looking at life in prison.

5           It's our burden to show by merely a preponderance at  
6 this stage that he is a risk of flight. Mr. Termendzhyan, and  
7 I will proffer the evidence that is submitted through the  
8 Pretrial Services report, has not just significant ties to  
9 Turkey but has lived there, resides there, changed his name as  
10 it states to a Turkish name so that he could be more accepted  
11 in that country, and has significant assets, these fraud  
12 proceeds, with his co-conspirators in Turkey, planning to flee  
13 to Turkey if and when it got hot. And in fact as the Pretrial  
14 Services report shows, he was flying to Turkey yesterday, not  
15 coincidentally the same time period his codefendant Jacob  
16 Kingston was arrested on a flight to Turkey on Thursday last  
17 week. They have comingled their fraud proceeds with a third  
18 individual in Turkey who is investing it on their behalf, and  
19 one of those investments as is reported in this Pretrial  
20 Services report is a private airline called Borajet Airlines  
21 that Mr. Termendzhyan has access to and ownership of. And in  
22 fact as is also reported in this Pretrial Services report, he  
23 fled to Turkey; although Mr. Termendzhyan says the last time he  
24 was in Turkey was approximately six months ago and he stayed  
25 six months. It's actually a year ago, August of 2017, when he

1 departed coincidentally on the same day LAPD was executing  
2 search warrants on his home and businesses on a -- the jet --  
3 one of the jets that Borajet Airlines owns. That's what the  
4 evidence will show.

5           We also have evidence of in excess of 500 million  
6 reportedly being invested by Mr. Termendzhyan and his  
7 codefendant Jacob Kingston in this Turkish entity and its  
8 investments called SBK Holding AS. He's got -- he and his  
9 codefendant have residences there in Turkey, hundreds of  
10 millions of dollars in Turkey; and as he has revealed to this  
11 Court, he owns no property here in Los Angeles or the United  
12 States. Although he claims he's been a resident here for 30  
13 years, he owns nothing. It's all in the names of his family.  
14 It's all well and good and they're willing to put up those  
15 residences and properties as some sort of bond to assure  
16 Mr. Termendzhyan's appearance here at this trial. But there is  
17 no amount of money, no amount of property that Mr. Termendzhyan  
18 or his family can offer this Court that will assure this Court  
19 of his appearance here to face a trial in which, if convicted,  
20 he would face the rest of his life in prison. He has been  
21 involved in a long-term scheme, as alleged in the indictment,  
22 to steal hundreds of millions of dollars from the United States  
23 government, stashing it in Turkey with the plan to flee there,  
24 if and when it got hot. And that's exactly what he intended to  
25 do.

1           When he left in August of 2017, when the local police  
2 department here executed State search warrants, he did not  
3 return as is reported in the Pretrial Services report until  
4 Mr. Geragos, who was well aware his client was in Turkey the  
5 entire time LAPD was dealing with the assets they seized from  
6 Mr. Termendzhyan's home and business, negotiated and got a  
7 court to order the release and return of all those seized  
8 assets because no prosecutor was involved as my understanding -  
9 - I wasn't involved in that search warrant, it wasn't part of  
10 our investigation. Don't know exactly whose investigation that  
11 search warrant derived out of. But it was not something that  
12 was going to be pursued by prosecuting offices that were other  
13 prosecuting offices like mine who were investigating Mr. Dermen  
14 at the time, and so there was a decision to return all that.  
15 He did not return to the United States until Mr. Geragos  
16 sufficiently acquired that court order. Then Mr. Termendzhyan  
17 returned. He has traveled to Turkey according to the report at  
18 least twice since and, as I said, scheduled to leave the  
19 country yesterday.

20           So it is our burden to show merely by a preponderance  
21 that he is a flight risk. And I submit that there is nothing  
22 this -- that this Defendant could show to this Court that would  
23 convince this Court he would appear for trial in Utah. The 20  
24 or \$25 million worth of property that is now listed in the  
25 Pretrial Services report as offered by his family, which is a -

1 - I'm sure a genuine offer, could be replaced tomorrow by  
2 Mr. Termendzhyan to his family when they lost it when he didn't  
3 appear. He's got hundreds of millions of dollars at his  
4 disposal, and a plan to flee. That has always been the plan.

5           There is also evidence submitted in the Pretrial  
6 Services report of Mr. Termendzhyan's danger to the community.  
7 As this Court may be aware and this -- the Government is  
8 prepared to proffer through special agents, Mr. Termendzhyan  
9 has ties to corrupt law enforcement. There is a recently  
10 convicted Federal agent here from California who is a close  
11 associate of Mr. Termendzhyan; and, in fact, the Government  
12 would proffer an exhibit, photos of Mr. Termendzhyan with this  
13 Federal agent the week after he was convicted of committing  
14 offenses on behalf of Mr. Termendzhyan for an associate of  
15 Mr. Termendzhyan.

16           He has longstanding business ties to law enforcement  
17 here, hiring them as moonlighting security guards and other  
18 associates. And the Government would proffer through Special  
19 Agent Hatcher that apparently he was tipped off to the search  
20 warrant that was executed last August because the Borajet plane  
21 from which and on which he fled this country in August of 2017  
22 was in the United States two days before the search warrant and  
23 left the day the search warrants were executed.

24           So, your Honor, we also have -- I think Special Agent  
25 Hatcher would testify if, and I will proffer, that he would



1 testify no less than four or five witnesses have expressed  
2 concern for their safety for reporting facts about their  
3 involvement with Mr. Termendzhyan. I have had no case in my  
4 20-year career in which so many witnesses have expressed a  
5 concern about an individual. There is evidence Special Agent  
6 Hatcher would present of threats these witnesses have heard  
7 come from the Defendant's mouth. In fact, there was evidence  
8 that around the time of the search warrant, shortly before the  
9 search warrant was executed last August, someone took a shot at  
10 his cousin who Mr. Termendzhyan, according to the witnesses,  
11 believed was providing information to the Government. The gun  
12 jammed and the cousin was not killed. That's what these  
13 witnesses say, as well as you would hear other incidents of  
14 threats Mr. Termendzhyan has made about and to other witnesses.

15 I'll -- what is striking is that Mr. Termendzhyan,  
16 you would hear from Special Agent Hatcher, surrounds himself  
17 with armed body guards all the time. It is not just  
18 intimidating to those he's in business with, but he is in this  
19 case the evidence will show acted has an enforcer and has  
20 assumed that role. So he is surrounding himself with armed  
21 body guards, he parades around in multiple vehicles with armed  
22 body guards, and displays that sort of power and intimidation  
23 to all he deals with. He is -- has accomplished these crimes  
24 with those techniques and I assure this Court as Special Agent  
25 Hatcher would proffer, that there is nothing that can be

1 offered that would make him appear to face the crimes that he  
2 is charged with and will be charged with. This is a continuing  
3 investigation.

4           The last thing I would say is that the charges that  
5 were brought are only substantive money laundering counts right  
6 now and some tax offenses for the purposes of preserving the  
7 statute of limitations during a lengthy investigation in which  
8 the Defendants were and have been trying to obstruct the  
9 investigation. The investigation continues, and there is a  
10 superseding indictment that is planned to be presented to a  
11 Grand Jury. I know this Court doesn't have the benefit of that  
12 but I will submit that the -- as I believe these charges would  
13 support, the charges coming are much more severe and detailed  
14 in their conspiracy and will lay out how Mr. Termendzhyan is  
15 looking at guidelines that will be life in prison.

16           **THE COURT:** Thank you very much. Mr. Geragos, you  
17 probably realize you have a bit of an uphill battle here and --

18           **MR. GERAGOS:** I really don't think so because --

19           **THE COURT:** Well, let me finish because --

20           **MR. GERAGOS:** Okay.

21           **THE COURT:** -- I'll tell you what I'd like to hear  
22 about.

23           **MR. GERAGOS:** Sure.

24           **THE COURT:** I am pretty certain that you're -- you  
25 know, what you should be focusing on is whether or not he's

1 going to show up in court, because I really think that that's a  
2 critical issue. And even before we get to whether we need to  
3 have the proffer, I -- you know, from the Pretrial Services  
4 report and the indictment, I would be at this point -- and,  
5 again, I haven't heard your side yet -- inclined to think he's  
6 at least an economic danger. Again, we haven't had -- that  
7 would be without even considering the specific information  
8 proffered from the agent that is not contained in the Pretrial  
9 Services report. So let me now let you say your --

10 **MR. GERAGOS:** Well, as a -- I understand that they  
11 don't have a legal basis to ask for detention based on this  
12 indictment. They -- it's not there. They don't have the  
13 ability. There isn't anything that is mentioned here that  
14 under The Bail Reform Act would mandate detention. In fact,  
15 it's quite the opposite. The -- everything that is mentioned  
16 here, he's in four counts for a total of four payments of  
17 \$210,000 and two others of 70,000. Unfortunately, and this is  
18 part of the problem when government prosecutors are listening  
19 to their agents and haven't been involved in the case -- I've  
20 been involved in this case since the day the search warrant was  
21 executed over a year ago. I was the one who went down to Long  
22 Beach court and appeared in front of Judge Ferrari not once,  
23 not twice, but four separate times. I offered the prosecutors  
24 -- and by the way, when they say that there was no  
25 prosecutorial agency, it took virtually an act of Congress to

1 get a prosecutor down there. I had to serve the City  
2 Attorney's office. They punted it over to the district  
3 attorney --

4 **THE COURT:** Regardless, you're not addressing the  
5 fact that whether it's the Government or the Court on its own  
6 motion when you've got a defendant in a Federal case that is  
7 perceived as a flight risk, a motion is appropriate, whether  
8 it's ten dollars or a gazillion dollars. You can argue about  
9 whether what he's actually facing and what might be the issue  
10 there but, you know, I have an AO-approved checkbox form for  
11 detention hearings, and it says, you know, there's the  
12 presumption cases and then there's on the motion of the  
13 Government or on the Court's own motion when somebody is  
14 perceived to be a flight risk. I perceive him to be a flight  
15 risk so address that for me.

16 **MR. GERAGOS:** Okay, he's known about this  
17 investigation and the search warrant, which was mandated, for  
18 well over a year. It's going on 13 months next month since the  
19 search warrant. At all times -- and the reason I was giving  
20 you the litany of prosecutorial agencies, I've talked to the  
21 City Attorney, I've talked repeatedly and appeared with the  
22 district attorney's office, I've talked with the LAPD person  
23 who was tasked on the task force. We also were told about the  
24 U. S. Attorney's involvement here in the Central District. At  
25 all times he was informed and knew what the status was and

1 returned here. Once again, everything that is stated in here  
2 as far as the name change and the assets and everything else  
3 is, and I would say this respectfully, is nonsense. They talk  
4 about his daughter's wedding in 2016. It was just months ago  
5 this year. He came back when -- and I can -- if he's going to  
6 have this officer get up here and swear under oath as to these  
7 proffers, I want to have a hearing and bring the district  
8 attorney in who told me they were --

9 **THE COURT:** I don't need the proffer. What I have is  
10 a man who was -- he's -- somebody in Utah, a Grand Jury, has  
11 found probable cause that he was involved in a very -- in a  
12 massive fraud. So that's probable cause regarding some kind of  
13 economic fraud. I have a man who does a ton of travel, was  
14 planning to leave the country, has traveled back and forth.  
15 I've got information in the Pretrial Services report that he  
16 has, you know, a place to live and he certainly spends a lot of  
17 time in Turkey. And, you know, fortunately or unfortunately,  
18 we don't have an extradition treaty with Turkey. So if he  
19 decides to get there, we can't get him back.

20 **MR. GERAGOS:** Okay, that's -- I -- that's where I  
21 disagree with Pretrial. We do have an extradition treaty with  
22 Turkey. In fact, that extradition treaty with Turkey has been  
23 the subject of much in the news recently.

24 Number two, I have personally tried two jury trials  
25 with Mr. Termendzhyan in the last 15 years where he was facing

1 substantially more serious charges than this one. The first  
2 one was in Compton. It ended nine to three for not guilty.  
3 The judge dismissed it and commented at the time it was a  
4 complete collapse. He was tried --

5 **THE COURT:** I'm interested in the allegations in this  
6 case --

7 **MR. GERAGOS:** I understand that, but he --

8 **THE COURT:** -- and I'm interested in what the  
9 Pretrial Services report says here.

10 **MR. GERAGOS:** Right.

11 **THE COURT:** And, you know, that he was essentially,  
12 you know, arrested on his way out of the country, his  
13 codefendant was arrested on his way out of the country, --

14 **MR. GERAGOS:** He wasn't arrested on his way out of  
15 the country. What they neglected to tell you was he got a call  
16 and he went down to meet the agents. He didn't flee. He self-  
17 surrendered so I don't -- that's what I'm saying, I just  
18 listened to this what I -- was a error-filled monologue by the  
19 U. S. Attorney which I'm going to try to address and knock down  
20 every single one of them. He wasn't fleeing the country; he  
21 self-surrendered. They didn't go out to get him and arrest  
22 him; they called him, he went down. He knew as recently as 30  
23 days ago that the --

24 **THE COURT:** Stop screaming.

25 **MR. GERAGOS:** He knew that the prosecutors were

1 considering a grand theft by false pretense charges in relation  
2 to the bio fuel execution of the search warrant. That was  
3 always on the table. The only reason that we got the -- or  
4 that I made the orders for the return of property -- and by the  
5 way, all of the property with the exception -- with some  
6 limited exceptions was already ordered returned by a judge in  
7 this district, albeit a State Court judge, Judge Ferrari, who  
8 gave the prosecutors in court a time limit to either put up or  
9 shut up, basically is what the order was. He did not have a  
10 flight to flee. He got a phone call --

11 **THE COURT:** Was there an indicted case or even a  
12 criminal complaint on him in the State Court case?

13 **MR. GERAGOS:** There was a search warrant that had  
14 been executed --

15 **THE COURT:** There was a search warrant. Was --

16 **MR. GERAGOS:** There was not a criminal complaint --

17 **THE COURT:** Was there a finding of probable cause by  
18 a grand jury somewhere?

19 **MR. GERAGOS:** No, there was not.

20 **THE COURT:** All right, I tell you what, let me hear  
21 from the Government, and if you want we'll put the agent up.  
22 I'm not going to let you, you know, put this over, call  
23 witnesses. You can do that in Utah if you want. But if you  
24 would like to, you know, hear the more serious allegations, I  
25 don't think I need them. I think that I -- purely on flight

1 risk I just don't see that if there's, you know, --

2 **MR. GERAGOS:** Could I make my record?

3 **THE COURT:** -- he's got -- you can make your record.  
4 He's got the means, clearly has the means to go to Turkey.

5 He's got, you know, could stay there as long as he wants. And  
6 he has the means to get there as well as to stay there. So --

7 **MR. GERAGOS:** Let me offer -- well, so the record is  
8 clear, --

9 **THE COURT:** Okay.

10 **MR. GERAGOS:** -- I'm offering \$25 million. I'm  
11 offering GPS. I spoke to Pretrial yesterday. I'm offering a  
12 third party to monitor where he is and be a liaison with the  
13 Court. And I'm offering or proffering to the Court the  
14 statement that, yes, he didn't know about the probable cause  
15 finding, as you've mentioned, but he's listed in only four of  
16 the 15 counts, for a grand sum of less than a half a million  
17 dollars is what the exposure is. He's not listed, contrary to  
18 what was just stated, in any kind of a conspiracy. And under  
19 The Bail Reform Act, the duty is to find if there is a less  
20 restrictive ability to -- that can be fashioned, which I'm not  
21 -- I -- apparently I'm not getting the opportunity to fully  
22 argue this as to why I think this Court has a duty under The  
23 Bail Reform Act to allow him to proffer all of those conditions  
24 which are less restrictive than detention. There is no -- they  
25 have the burden. This is not a rebuttable presumption case.



1 They have only indicted him -- and it's great if they want to  
2 make this detention argument, we could have them save it for  
3 the time when they do their superseding indictment. But the  
4 fact is right now, he was not fleeing anywhere. He's been --  
5 and the reason I cited the prior cases, your Honor, is  
6 precisely to try to convey to you that he has faced much more  
7 serious charges, that he has never run, he's made all court  
8 appearances at all time, and he's been acquitted not once but  
9 twice before. The -- invoking the law enforcement or the  
10 corrupt Federal agent, they've gotten the facts wrong. I  
11 understand you don't want to hear about that so I won't belabor  
12 that but the fact remains that the witnesses that the  
13 Government is citing are witnesses that are -- that have  
14 embezzled money from him and are involved in civil litigation.  
15 I understand that the Government can throw around 500 million,  
16 400 million, there's no evidence of any of that. They've got  
17 somebody, and I suppose it's the case agent, who's listening to  
18 the guy who stole \$25 million from who, by the way, is a lawyer  
19 who's now got the State Bar taking action with him. So I  
20 understand you want me to calm down, but I don't know why I  
21 have to listen to the U. S. Attorney cite this parade of  
22 nonsense, which I know to be not true because I've been  
23 involved with this gentleman and with his family for over a  
24 decade, and I know what the facts are. And every single thing  
25 virtually that he said is belied by what the real facts are.

1           If you're an Armenian and you're in Turkey, having a  
2 Y-A-N or an I-A-N use -- will subject you to all kinds of  
3 trouble. It's one of the reasons why Geragos is Geragos and  
4 not Geragosian. When my grandfather came to this country, he  
5 dropped the I-A-N. So there is almost an inherent cultural  
6 insensitivity when they make the argument that the reason he  
7 converted to Lev Dermen is because he wanted to be Turkish.  
8 That isn't it. That's a common trick that what Armenians do,  
9 my grandfather included, when they go to another country and  
10 don't want to be discriminated against as an Armenian. He is  
11 not fleeing.

12           He -- there is no economic threat here. The idea  
13 that this case is at any point economically or more frightening  
14 than two of the other trials I've gone through with him is  
15 frankly almost a joke because the other cases were double  
16 digit, if not life, tops. And he stood trial, he had jurors  
17 that were out for days, he never fled. And in both cases, one  
18 was a hung they dismissed, the other was a not guilty in this  
19 Central District here. He appeared at every time early for  
20 every appearance. He's not going anywhere. In fact, the Court  
21 order on the return of property specifically ordered that the -  
22 - on this very search warrant that they're talking about, that  
23 the money be held in trust pending further order of the Court.  
24 He's not going to flee and leave that money. He's not going to  
25 flee and leave his brother, his son, his nephew, his family.

1 He's got all of this -- he's built quite a oil and gas empire  
2 here in southern California that is run by the rest of his  
3 family. He's -- the reason that he has been in Turkey and  
4 going back and forth is not the parade of horrors argument  
5 that the Government made here but a highly personal reason on  
6 his behalf since the suicide several years ago of his wife. He  
7 came back smack dab in the middle of this investigation and he  
8 did not -- by the way, the facts as just represented, I want to  
9 hold the Government to those too in terms of the execution of  
10 the search warrant and when he left the country and when he  
11 came back because they don't comport with the reality on the  
12 ground. He came back and --

13 **THE COURT:** All right, let me -- then let me hear  
14 from the Government and then I want to put the -- go ahead and  
15 put the agent on because I am -- you know, if we're going to go  
16 down this road, I want him to be able to ask his questions. I  
17 want to hear about this alleged witness intimidation. And I  
18 want you to address his points about the indictment which I  
19 read but I did not re-read. I will do that while I'm sitting  
20 here but I read that at his initial appearance. So I'll hear  
21 from the Government again and then we'll get the agent sworn.

22 **MR. ROLWING:** Thank you, your Honor. All the talk  
23 Mr. Geragos makes of this so-called search warrant, the search  
24 warrant I mentioned is not the search warrant that relates to  
25 this investigation at all. It has nothing to do with this

1 case. There's no allegation of this fraud in that search  
2 warrant affidavit, and yet he fled the day it was executed.

3 This -- let me just correct what Mr. Geragos said.  
4 This was not a self-surrender by Mr. Dermen. Instead,  
5 Mr. Dermen was trying to -- he called the IRS office this week,  
6 the evidence will show, to invite himself down to offer  
7 evidence on someone else. He happens to be in a lawsuit with  
8 one witness who has been providing information, according to  
9 Mr. Dermen, to the Government. And he found this out and he's  
10 tried to flip the tables and wants to provide information on  
11 that individual. The IRS, knowing we wanted him arrested this  
12 week or this past week, invited him down under a ruse to show  
13 up so that we could arrest him without his armed body guards  
14 coming through security and in his presence. So there was no  
15 self-surrender. He was not aware of this indictment. It was  
16 under seal. He didn't surrender to anything except comply with  
17 his own invitation to come down and provide information on  
18 another.

19 And, finally, I think the Court can take judicial  
20 notice, this is in the public realm, that President Erdogan has  
21 announced there will be no extraditions from Turkey to the  
22 United States until the United States extradites the cleric,  
23 Gulen, in Pennsylvania, who Erdogan is so hot to trot to have  
24 extradited and the United States will not extradite. That is  
25 in the public record. You can do a Google search on it. Even

1 if there is a treaty, that treaty is not being applied with per  
2 the President of Turkey, President Erdogan.

3 **THE COURT:** That's actually my recollection. Whether  
4 or not I take judicial notice of it is a whole nother issue.  
5 But that was my recollection as well. Okay, though, but let's  
6 -- you know, Mr. Geragos wants to be able to make his record,  
7 and perhaps he's quite eloquent and convince me. I'm still  
8 skeptical. But I do think that we should -- I was hoping to  
9 avoid this so that we weren't here forever but let's go ahead  
10 and put the agent on and make your proffer on the danger  
11 issues.

12 **MR. ROLWING:** Government calls Special Agent Hatcher.

13 **THE CLERK:** Please raise your right hand.

14 **TYLER HATCHER, GOVERNMENT'S WITNESS, SWORN**

15 **THE CLERK:** Please be seated and state your full name  
16 and spell your last name for the record.

17 **THE WITNESS:** My name's Special Agent Tyler Hatcher.  
18 It's T-Y-L-E-R H-A-T-C-H-E-R.

19 **MR. ROLWING:** Your Honor, if I might, I just heard  
20 the Court say put on the witness regarding --

21 **THE COURT:** You can address whatever you want to  
22 address. I just at this point I'm -- you should put on the  
23 evidence of flight as well. I'm just -- because I'm still  
24 leaning that direction even on the flight issue. But I wanted  
25 -- because there were a lot of allegations made about danger,

1 about potential witness threats or witness tampering, issues  
2 like that and, you know, I normally would not consider them at  
3 all. But if they're -- you know, they're being challenged, so  
4 I would like the -- you to, you know, get the proffer from the  
5 agent and then Mr. Geragos can question if he would like.

6 **MR. SPEAKER:** I was just going to say, if you're  
7 normally not going to consider them at all, then I don't need  
8 to hear them. That's -- I mean, if that's not going to be part  
9 of your ruling and your ruling is purely on the economic, I'm  
10 willing to submit on that.

11 **THE COURT:** Well, now that we've gotten this far, you  
12 know, I've had really good argument as I had really good  
13 argument when Mr. Geragos was my opposing counsel 20 years ago.  
14 And so now I guess I want to make sure that I've got the full  
15 picture before I make a decision. So why don't you go ahead  
16 and make your proffer through the agent or put on the evidence  
17 through the agent.

18 **MR. ROLWING:** I -- and if I might, your Honor, just  
19 remind the Court that the Government's motion for detention is  
20 primarily based on the risk of flight of Mr. Dermen, which we  
21 need only prove by a preponderance of the evidence under the  
22 standards.

23 **THE COURT:** Yeah, I have my AO form memorized so I  
24 think we're good on that, but --

25 **MR. ROLWING:** Okay.

1           **THE COURT:** -- on what the standards are. So let's  
2 just get to the facts.

3                           **DIRECT EXAMINATION**

4   **BY MR. ROLWING:**

5   Q     Special Agent Hatcher, would you just introduce yourself  
6 to the Court, who you are, what you do, where you're from?

7   A     Yeah. I'm a special agent with IRS. I've been a special  
8 agent since 2002, and I'm one of the case agents on this  
9 investigation.

10   Q     How long have you been assigned to this investigation?

11   A     Almost two years.

12   Q     During the course of that investigation, did you at any  
13 time meet Defendant Dermen?

14   A     I did.

15   Q     When?

16   A     It was probably I think in June of this year.

17   Q     And did you show up at his place of business with a  
18 subpoena?

19   A     I did.

20   Q     And was it a subpoena for him?

21   A     No, it was not.

22   Q     Who was it for?

23   A     It was for NOIL, his company, but more specifically Dan  
24 McDyre, who's listed as the president of NOIL.

25   Q     And did you deal with Dan McDyre?

1 A Sort of.

2 Q Explain.

3 A I went there, I was looking for the president of NOIL, and  
4 Mr. Termendzhyan introduced himself as Levon, and answered most  
5 of my questions directed at Mr. McDyre.

6 Q You both -- they both were in your presence, --

7 A Correct.

8 Q -- Mr. McDyre.

9 A That's correct.

10 Q But your questions to Mr. McDyre were answered by  
11 Mr. Dermen?

12 A Correct.

13 Q Did you get the sense of who was in charge?

14 A Mr. Termendzhyan was definitely in charge.

15 Q And did you reveal to him that he was under Federal  
16 investigation by you and your --

17 A I did not.

18 Q Did you suspect that he knew this at that time?

19 A I did not.

20 Q In fact, what did you say after this meeting?

21 **MR. GERAGOS:** Objection, to who?

22 Q What did you say to your team, your other agents, about  
23 whether Mr. Termendzhyan believed he was a target of the  
24 investigation at that time?

25 **MR. GERAGOS:** Objection, hearsay.



1           **THE COURT:** Yeah, sustained as to what he said. What  
2 -- he can tell me what he thought or what he believed but I  
3 don't think the hearsay itself is necessary.

4           **MR. ROLWING:** Your Honor, all right, I'll rephrase.

5 **BY MR. ROLWING:**

6 Q     After that interaction with Mr. Termendzhyan, did you have  
7 any sense that he believed he was a target of your  
8 investigation?

9           **MR. GERAGOS:** Objection, calls for speculation.

10          **THE COURT:** I'll allow it.

11 **BY MR. ROLWING:**

12 A     No, he did not.

13 Q     So when he called the -- did you learn that he called the  
14 IRS office this past week?

15 A     I did. I spoke to the special agent that took the calls.

16 Q     And what was the reason Mr. Termendzhyan called the IRS  
17 office; was he aware of the indictment, did he say?

18          **MR. GERAGOS:** Objection, hearsay, compound, --

19          **THE COURT:** That's --

20          **MR. GERAGOS:** -- speculation.

21          **THE COURT:** Well, it's not hearsay if it's an  
22 admission of a party opponent here. He's saying what -- you  
23 know, what the reason -- it's not even for the truth of the  
24 matter, what the reason is that he had at least allegedly  
25 expressed to the IRS.

1 **BY MR. ROLWING:**

2 A I spoke to the agent that took the phone call and he said  
3 that Mr. Termendzhyan reached out and had some information he  
4 wanted to share with the IRS.

5 Q Did he indicate that he wanted to self-surrender to an  
6 indictment?

7 A No.

8 Q And in fact did -- what instructions did you give that  
9 agent?

10 A I asked the agent to make the appointment for Friday, so  
11 this last Friday, sometime in the afternoon so that we could  
12 arrest him.

13 Q And then why did the arrest happen on Thursday?

14 A Our agents in Los Angeles were busy that day with another  
15 operation in the morning and I reached out I think sometime  
16 around noon or 1:00 and asked them to put surveillance on  
17 Mr. Termendzhyan until we could effect the arrest on Friday.  
18 And they at that point decided to contact Mr. Termendzhyan to  
19 see if he could come in and make his statement Thursday  
20 afternoon. That's when he was arrested.

21 Q Have you interviewed witnesses surrounding  
22 Mr. Termendzhyan's access to private planes?

23 A I have.

24 Q Have you -- has anyone revealed to you that he does travel  
25 by private plane out of the country?

1 A Yes.

2 Q Were you informed of his travel last August?

3 A I was.

4 Q Explain to the Court how you learned about it.

5 A I spoke to another special agent associated with  
6 investigations in California who relayed to me that he received  
7 a phone call from Customs and Border Patrol saying that he was  
8 on his way out.

9 MR. GERAGOS: Objection, multiple levels of hearsay.

10 THE COURT: It's also a -- happens to be a detention  
11 hearing so it's -- I'll allow it.

12 BY MR. ROLWING:

13 Q He said to you what? I'm sorry.

14 A That agent let me know that CBP, Customs and Border  
15 Protection, notified him that Mr. Termendzhyan was on his way  
16 on a flight out of the country.

17 Q And did you investigate what -- and what was happening  
18 that day did you learn?

19 A That was the day of the State search warrants in August of  
20 last year.

21 Q And were those State search warrants related to your  
22 investigation?

23 A They were not.

24 Q Were they authorized by you?

25 A No.

1 Q Your team?

2 A No.

3 Q Were they known that -- before the execution by your team?

4 A No.

5 Q Were you a part of or was the prosecution team you're  
6 associated with in your investigation a part of any of those  
7 litigation hearings Mr. Geragos spoke to this Court about?

8 A No.

9 Q And did you later investigate and uncover what plane  
10 Mr. Termendzhyan left the country on that day in August of  
11 2017?

12 A I did.

13 Q What was that plane?

14 A It was a plane that we later found out was a Borajet with  
15 "SBK" on the tail. And I don't remember the ail numbers. It's  
16 T-C I believe "Y" something.

17 Q I'm going to hand you --

18 **MR. ROLWING:** If I may, your Honor, approach the  
19 witness with an exhibit?

20 **THE COURT:** You have copies for counsel as well?

21 **MR. ROLWING:** Handed one to Mr. Geragos.

22 **THE COURT:** Okay.

23 **MR. ROLWING:** I have one for the witness and for the  
24 Court.

25 **THE COURT:** Thank you.

1 **BY MR. ROLWING:**

2 Q Do you recognize that plane, Mr. Hatcher?

3 A I do.

4 Q What -- how do you recognize it?

5 A This is the plane we can see the tail number on that  
6 engine, T-C-Y-Y-A. I recognize this as the plane that  
7 Mr. Termendzhyan left the day of the warrants in August of last  
8 year.

9 Q And what is the symbol on the tail?

10 A That's "SBK Holding," which is the "SBK" -- as we know it  
11 "SBK Holding AS" in Turkey. The "TC" indicates it's a Turkish-  
12 based registration.

13 Q And what is SBK Holding AS, as you know it in Turkey?

14 A It's a joint holding company as we understand it, jointly  
15 owned or controlled by a Turkish individual whose initials are  
16 "SBK," Sezgin Baran Korkmaz, Mr. Termendzhyan, and  
17 Mr. Kingston, who's the main target in our investigation in  
18 Utah.

19 Q And have you uncovered in your investigation that  
20 Mr. Kingston -- can you explain who Mr. Kingston is to the  
21 Court, please?

22 A Yeah, Mr. Kingston's the CEO or owner of Washakie  
23 Renewable Energies, who was the main target of our  
24 investigation and responsible of the 500 million payouts that  
25 you mentioned before, and is also a business partner of

1 Mr. Termendzhyan.

2 Q And does Mr. Kingston also share some partnership in SBK  
3 Holding AS in Turkey?

4 A My understanding, yes.

5 Q According to witnesses.

6 A According to witnesses and a press release in Turkey and  
7 other documents we've uncovered.

8 Q I'm going to hand you what's been marked as Government  
9 Exhibit 5. The airplane was Government Exhibit 1. I've handed  
10 one to Mr. Geragos. Do you recognize Government Exhibit 5?

11 A I do.

12 Q What is it?

13 A This is an English translation of a Turkish press release  
14 that we uncovered through the course of our investigation.

15 Q And it says: "The Republic of Turkey Prime Ministry  
16 Investment Support and Promotion Agency."

17 A It does.

18 Q Is that a government agency as far as you know?

19 A My understanding is yes.

20 Q And what is being announced here in September of 2016?

21 A Just speaking in terms of how I interpreted it, it's an  
22 announcement of a joint venture, if you will, for \$950 million  
23 cash flow. And it was broken down between 450 million that was  
24 already invested in Turkey by as it says at the top here, NOIL  
25 Energy Group, U. S.-based Washakie Renewable Energy, and SBK

1 Holding, LLC, which is a U. S.-based joint venture, if you  
2 will, between Mr. Termendzhyan and initially Mr. Kingston.

3 Q SBK Holding, LLC is different than SBK Holding AS.

4 A Correct.

5 Q Would you explain that to the Court?

6 A SBK Holding, LLC later changed to SBK Holding USA, is a  
7 USA sister company, if you will, of SBK Holdings AS.

8 Q And who controlled SBK Holding, LLC here in the United  
9 States?

10 A Initially it was Mr. Kingston and Mr. Termendzhyan, but  
11 Mr. Kingston was later pushed out.

12 Q And who was on the bank account for SBK Holding, LLC?

13 A On that one was Mr. Termendzhyan and his son George.

14 Q Was Jacob Kingston ever on the bank account?

15 A Not to my knowledge.

16 Q And this -- if you move down to paragraph one, two, three,  
17 four, five, the last sentence of paragraph five on page one.

18 A Are you referring to "NEG has established a \$500 million  
19 recovery fund?"

20 **THE COURT:** He's looking at the --

21 Q No.

22 **THE COURT:** -- total investments made since 2015.

23 A Oh, I'm sorry, yeah, total investment to hit the 950  
24 million mark.

25 Q No, the total -- read -- the sentence on the last

1 paragraph of paragraph five, the one above the one you read.

2 "Total investments made since 2013 in collaboration with and  
3 under the management of SBK Holding have reached 500 million."

4 A Yes, I see that. I apologize.

5 Q Since 2013.

6 A Correct.

7 Q How much did your investigation reveal Washakie Renewable  
8 Energy applied for and received from the United States in 2013  
9 in refundable, renewable fuel tax credits?

10 A They applied for over a billion and received a little over  
11 500 million.

12 Q From 2013 forward.

13 A From 2010 forward, correct.

14 Q And in 2013, it was approximately 286 million.

15 A That's correct.

16 Q And 170 million in 2014.

17 A Correct.

18 Q Another 600 million applied for in 2015.

19 A That's correct.

20 Q And this in -- actually applied for in 2016 for the 2015  
21 year.

22 A Correct.

23 Q And this press release suggests that in addition to the  
24 500 million that has been invested since 2013, another 450  
25 million is poised to flow into Turkey.



1 A Correct.

2 Q Did you trace any of the refunds that the Department of  
3 Treasury paid Washakie to Mr. Termendzhyan and Mr. Kingston and  
4 Mr. Korkmaz's SBK entity or investments in Turkey?

5 A I have.

6 Q How much?

7 A It's a little over 130 million.

8 Q Directly from the Department of Treasury, U. S. Department  
9 of Treasury.

10 A From Treasury through Mr. Kingston controlled accounts to  
11 either SBK USA or SBK Turkey or other Turkish investments that  
12 we've uncovered.

13 Q And did those start in 2013, much like this press release  
14 --

15 A They did.

16 Q -- says? Did you -- have you also seen Mr. Termendzhyan  
17 sending money to Turkey?

18 A I have.

19 Q Bank records show. How about SBK Holding, LLC in the US,  
20 SBK Holding USA, did they send money to Turkey?

21 A Yes, they did.

22 **(Pause)**

23 Q I'm going to hand you what's marked Government Exhibit  
24 Number 7. You recognize this photo, Special Agent Hatcher?

25 A I do.

1 Q Can you tell the Court who's in it?

2 A If we look from my left, on the far left, that's Mr. Jacob  
3 Kingston. Standing next to him is we know SBK, or Sezgin  
4 Baran Korkmaz, as Baran. And I believe the middle  
5 person with his hands on the chair is the president of  
6 Turkey. And I'm not sure who the person standing next  
7 to him is. I've never seen him.

8 Q Has your investigation revealed that Mr. Dermen and  
9 Mr. Kingston have, through Mr. Korkmaz, some sort of  
10 relationship with the President of Turkey, Erdogan?

11 A Yes.

12 Q Have witnesses -- have any witnesses mentioned to you and  
13 your team of investigators whether Mr. Erdogan is willing to  
14 extradite -- agree to some extradition request for these two if  
15 they are -- if it's requested by the U. S.?

16 A Witnesses have told us that Mr. Baran and Mr. Termendzhyan  
17 have used their wealth to ensure that their money would be a  
18 safe haven in Turkey as well as protect them against  
19 extradition.

20 Q Government Exhibit 6, is Government 6 a declaration of one  
21 Levon Termendzhyan in a civil suit here in Los Angeles between  
22 SBK Holding USA, Inc., that entity you just testified about,  
23 and an individual known as Edgar Sargsyan and some other  
24 entities?

1 A It is.

2 Q In this declaration, if you turn to paragraph six --  
3 first, let's tell the Court when it's dated on page two of the  
4 declaration.

5 A It's dated October 17th of 2017.

6 Q Is that just a few months after he fled on that plane  
7 exhibited in Government Exhibit 1?

8 A Yeah, he fled in August.

9 Q And what does he say in paragraph six?

10 A Would you like me to read it verbatim?

11 Q Yes.

12 A It says:

13 "Although I am residing in Turkey, I'm available and  
14 willing to be deposed in Istanbul, though I  
15 understand Defendant's counsel is not willing to  
16 travel to Istanbul. Because I am not avoiding a  
17 deposition, I have no objection to having my  
18 deposition taken by video conference or something  
19 similar if the attorneys all agree where I can remain  
20 in Istanbul and Defendant's counsel can remain in Los  
21 Angeles. It is incredibly difficult and cost  
22 prohibitive for me to travel from Istanbul to Los  
23 Angeles now to have my deposition taken in Los  
24 Angeles, only to then have to fly back to Istanbul  
25 thereafter to resume my business operations."

1 Q Have you spoken to the attorney representing Edgar  
2 Sargsyan in this lawsuit?

3 A I have.

4 Q And has he complained that Mr. Dermen has ignored court  
5 orders to appear for depositions?

6 A My understanding is at least once.

7 Q And was he not ordered to appear by August 20th of this  
8 month to appear for a deposition in a civil case, which he did  
9 not appear?

10 A Correct.

11 Q And this declaration relates to a deposition that they  
12 were trying to schedule last -- 2017.

13 A In October.

14 **(Pause)**

15 Q Please tell the Court do you know where Defendant Dermen  
16 lives?

17 A I thought that I had an address for him which was on  
18 Sheringham. But when he was booked, he listed another couple  
19 addresses that I have -- was not aware of.

20 Q Are there numerous residences here in Los Angeles that  
21 Mr. Termendzhyan has associated himself with now?

22 A Yes.

23 Q And are -- do you know whether any of the companies other  
24 than SBK Holding USA, Inc. or LLC are owned by -- listed as  
25 owned by Levon Termendzhyan?

1 A No. They're usually held by nominees.

2 Q Yet when you went to subpoena Dan McDyre as the president  
3 of NOIL Energy, it was Mr. Dermen who said what when you asked  
4 Mr. McDyre to possibly appear and be interviewed by you or  
5 testify in a Grand Jury?

6 A Yeah, when I served the subpoena, it was a subpoena for  
7 records. And I advised Mr. McDyre at that time that it may be  
8 necessary to subpoena him to Utah for a personal appearance.  
9 And Mr. Termendzhyan answered for him and said he would not let  
10 him come.

11 (Pause)

12 Q Does the IRS or the Federal government have some other  
13 means you're aware of to bring Mr. Dermen back from Turkey once  
14 he flees there?

15 A No, I'm unaware.

16 Q Is -- based upon your investigation, Special Agent  
17 Hatcher, and this press release announcing some four or 500  
18 million invested in Turkey, do you believe Mr. Termendzhyan has  
19 sufficient assets in Turkey to remain there the rest of his  
20 life?

21 A I do.

22 Q Have witnesses told you he has a house there?

23 A Yes.

24 Q More than one.

25 A Possibly.

1           **(Pause)**

2       Q     How many witnesses have indicated to you approximately  
3     that they are afraid to provide evidence surrounding  
4     Mr. Termendzhyan?

5       A     I've interviewed dozens of witnesses in this case and many  
6     of them indicate fear for -- you know, of Mr. Termendzhyan.  
7     But I can think of three or four with specific instances of  
8     seeing him or hearing of him doing harm to other witnesses in  
9     related cases or, you know, employees or people surrounding  
10    him.

11    Q     Are you inclined to reveal the witnesses here today?

12    A     I would rather not.

13    Q     Have they asked --

14           **MR. GERAGOS:** Then there's a motion to strike, it's  
15    not admissible evidence.

16           **MR. ROLWING:** No.

17           **THE COURT:** It's denied because we're also not  
18    talking about -- we're not in a trial now where everything has  
19    to be admissible under the Federal rules. I need to be  
20    considering -- you know, you're going to get an opportunity to  
21    cross examine. I realize you won't have the names but -- and I  
22    will, you know, tell you what I need to consider or not  
23    consider at the end of these proceedings. But we don't have to  
24    play strictly by the rules of evidence in this case.

25           **MR. ROLWING:** And along those lines, your Honor, I

1 want to note that the Ninth Circuit's pretty clear that  
2 hearings of this nature are not discovery devices for  
3 Defendant.

4 **THE COURT:** And I'm fully aware of that as well.  
5 It's -- that's part of my job, too.

6 **(Pause)**

7 **BY MR. ROLWING:**

8 Q In -- have Mr. Termendzhyan and Mr. Kingston comingled  
9 their money based upon your investigation?

10 A Yes.

11 Q In fact, who paid the VAT tax on the purchase of a mansion  
12 in Turkey in March of 2014 for the waterside house?

13 A It came out of Washakie funds.

14 Q Washakie paid how much to -- for a VAT tax related to a  
15 waterside mansion in Turkey?

16 A I want to say it was 483,000, but I don't have the wire  
17 right in front of me.

18 Q And they paid it to a bank account in the name of Levon  
19 Termendzhyan in Turkey at Guaranty Bank, right?

20 A Correct.

21 Q And was that 483,000 paid by Jacob Kingston and Isaiah  
22 Kingston, his two codefendants, their company, Washakie  
23 Renewable Energy, was that proceeds of their fraud in 2014?

24 A It was.

25 **(Pause)**

1 Q Have any witnesses revealed to you that Mr. Termendzhyan  
2 has law enforcement contacts and tries to keep tabs on  
3 investigations?

4 A Many times.

5 Q And have you taken efforts during the course of this  
6 investigation to keep the circle close so that the indictment  
7 that was returned would not be leaked?

8 A Yes. That's why we kept it mostly in Utah.

9 Q Do you have any evidence that Mr. Termendzhyan was aware  
10 of this indictment that he was arrested on last week?

11 A None whatsoever.

12 Q So was there any sense that he was self-surrendering in  
13 your eyes?

14 A He was not self-surrendering. We rused him to come into  
15 our office.

16 **(Pause)**

17 Q If the -- the search warrants executed by the State agent  
18 and signed by a State judge in that State investigation in  
19 August of 2017 were preceded by interviews by that LAPD  
20 officer, right?

21 A It's my understanding, yes.

22 Q And did you learn that he interviewed -- did you read his  
23 search warrant affidavit?

24 A I don't think I read that one, no.

25 Q Okay. Are you aware of who or whether he claimed he had



1 confidential informants informing him of certain conduct they  
2 were investigating of Mr. Dermen?

3 A I believe that he had CIs, or confidential informants,  
4 yes.

5 Q And did witnesses you interviewed at or around that time  
6 reveal that they thought Mr. Termendzhyan was trying to have  
7 one of those witnesses killed?

8 A Yes.

9 Q And were there shots fired at a witness?

10 A My understanding is yes.

11 Q Or did the gun -- or shots attempted to be fired?

12 A Yes.

13 MR. ROLWING: Nothing further, your Honor.

14 THE COURT: Okay. Mr. Geragos?

15 CROSS EXAMINATION

16 BY MR. GERAGOS:

17 Q Are you aware that the shots that were fired were at his  
18 son?

19 A I am not aware with the -- of the circumstances. Just --

20 Q Well, have you looked at the indictment in this district  
21 of the -- and the plea agreement for the officer, you know,  
22 John Balunis (phonetic)?

23 A I have not looked at that.

24 Q You haven't looked at that? Do you know that the  
25 allegation is the only shots fired were at Mr. Termendzhyan's

1 son?

2 A I'm not familiar with that.

3 Q Have you seen published reports that Gevork Termendzhyan  
4 was the -- the victim, who's sitting in court here, that it  
5 wasn't shots fired by Mr. Termendzhyan, it was shots fired at  
6 his son?

7 A I am unaware of that.

8 Q Well, who was it that the shots were fired at?

9 A My understanding, it was a witness.

10 Q Well, is -- where did you get that understanding?

11 A From a witness.

12 Q From what witness?

13 A I'm not going to divulge that.

14 Q You're not at liberty to say?

15 A Nope.

16 Q Are you at liberty to review any of the federal matters or  
17 information surrounding the shots fired?

18 A It's not a part of my case, so I don't know anything about  
19 it.

20 Q You've never talked to John Ballion (phonetic) or any of  
21 the agents who prosecuted or investigated John Ballion?

22 A I have not talked --

23 Q Is that your testimony?

24 A I have not talked to him, no.

25 Q You what?

1           **THE COURT:** Let me assure you, Mr. Geragos, I'm  
2 not -- I am not going to consider, because I just don't think I  
3 need to consider, the -- any of the state court proceedings.

4           **MR. GERAGOS:** It isn't state court. I'll get to that  
5 in a second.

6           **THE COURT:** All right.

7 **BY MR. GERAGOS:**

8 Q     You just testified this was a state court warrant,  
9 correct?

10 A     Which warrant are you referring to? I'm sorry.

11 Q     The one that the -- we talked about or that your -- your  
12 U.S. Attorney has been talking about; August, last year.

13 A     The one last August was a state --

14 Q     Yeah.

15 A     -- search warrant.

16 Q     Do you know where all the property was turned over to?

17 A     I don't know.

18 Q     Homeland Security? Do you know who Matthew Denham  
19 (phonetic) is?

20 A     I don't know who that is.

21 Q     General Counsel for ICE, who supervised all of the  
22 property, everything that was -- that was seized by LAPD? Are  
23 you aware of that?

24 A     I'm not.

25 Q     You said you talked to Edgar Sargsyan's lawyer. Is that

1 right?

2 A Correct.

3 Q Do you know that Edgar Sargsyan is under investigation for  
4 embezzling over \$10 million from Mr. Termendzhyan?

5 A I'm not aware of an investigation. I'm aware of the civil  
6 litigation, but that's all I'm aware of.

7 Q What is the -- what's the allegation in the civil  
8 litigation as to Edgar Sargsyan?

9 A I don't know the particulars. I just know there's  
10 something going on.

11 Q Did you know -- well, you don't know the particulars.  
12 When you interview somebody who is a lawyer for somebody making  
13 accusations, don't you want to know if they have an ax to  
14 grind?

15 A I look for the facts relevant to my case.

16 Q Okay. What was the facts relevant to the case as to the  
17 dispute between Edgar Sargsyan or Mr. Termendzhyan?

18 A I'm not sure I understand your question.

19 Q Did you know that Edgar Sargsyan was Mr. Termendzhyan's  
20 lawyer and stole over \$10 million from him?

21 A I'm not aware that he acted as legal counsel, no.

22 Q Did you know that Mr. Sargsyan is a lawyer?

23 A I did.

24 Q Did you know that Mr. Sargsyan was representing  
25 Mr. Termendzhyan?

1 A I did not.

2 Q Did you ask the lawyer, by the way, what was the  
3 relationship between Edgar Sargsyan and Mr. Termendzhyan?

4 A I did ask him.

5 Q And what did he tell you?

6 A He said he was the president or he ran SBK Holdings, USA;  
7 he did not act as legal counsel.

8 Q Oh. And, so, you accepted that at face value, didn't  
9 review any documents in connection with that; is that right?

10 A I did.

11 Q Did you -- by the way, you said you did the tracing of the  
12 funds?

13 A I did.

14 Q And where did you see the funds going from Levon  
15 Termendzhyan to the Turkish entity? Where did -- was that wire  
16 transfers that you have in your possession?

17 A Wire transfers from SBK USA, of which Levon is the  
18 signatory on the bank account.

19 Q And this press release. This press release, did you --  
20 what did you do to substantiate the monies that are mentioned  
21 in this press release?

22 A Well, we tried to reach out to Turkey to get a request for  
23 records, but as it's been discussed, they are not cooperative  
24 right now.

25 Q Well, when you say "discuss," did you translate this?

1 A I did not. I don't speak Turkish.

2 Q Okay. Do you know who did translate this?

3 A I don't.

4 Q Did you -- where did you get this from?

5 A It came from -- on line.

6 Q On line. And, so, you had an online document which you  
7 had somebody else translate; you have no records whatsoever  
8 that support it, correct?

9 A I have bank records that show money went to Turkey.

10 Q Nine hundred million dollars?

11 A Not that much.

12 Q Five hundred million dollars?

13 A No.

14 Q Three hundred million dollars?

15 A A hundred and thirty. It's been stated.

16 Q A hundred and thirty is what you have. You've got a press  
17 release that you don't know who translated it, of unknown  
18 origin; it was on the internet. Correct?

19 A Correct.

20 Q You have Edgar Sargsyan's lawyer telling you stuff,  
21 correct?

22 A Correct.

23 Q You went on your own to Mr. Termendzhyan's office; is that  
24 right?

25 A I did.

1 Q A month ago or June?

2 A In June. Uh-huh.

3 Q Is that yes?

4 A Yes. In June.

5 Q When you went there, did he tell you, "Uh-oh, I've got to  
6 get out of here; the IRS CID is here"?

7 A No.

8 Q Did you identify yourself as the Criminal Investigation  
9 Division?

10 A I did.

11 Q Did you say that you're -- what did you tell him you were  
12 investigating?

13 A I didn't tell him what I was investigating. I said I was  
14 dropping off a subpoena for records, for the business records  
15 of NOIL.

16 Q Okay. Does it say on the subpoena "Criminal Investigation  
17 Division"?

18 A I don't believe so.

19 Q You don't think that your name has that CID next to it?

20 A My name's not on the subpoena.

21 Q Whose name was?

22 A It's the U.S. Attorney's office.

23 Q And does the U.S. Attorney's office say Criminal  
24 Investigation Division?

25 A I don't think there is a criminal investigation division

1 of the U.S. Attorney's office.

2 Q No. How about the -- how about from Washington, DC? Is  
3 there a criminal investigation division of the IRS?

4 A Not to my knowledge. Not -- not from prosecutors.

5 Q Not from prosecutors.

6 A Correct.

7 Q How about from the agency?

8 A Sure. Absolutely.

9 Q And did you -- and did he flee after that?

10 A He was unaware that we -- we were looking for him.

11 Q Well, was it a grand jury subpoena?

12 A It was.

13 Q Okay. So, you've got a -- and did it say civil on it or  
14 did it say criminal?

15 A I am not that familiar with the subpoena.

16 Q Well, the subpoena says criminal on it, doesn't it?

17 A I don't know.

18 Q It says grand jury on it, doesn't it?

19 A It says grand jury subpoena, correct.

20 Q Right. So, you've got a grand jury subpoena; you go to  
21 his office; he's the one who -- he was cooperative, correct?

22 A Correct.

23 Q He answered all of your questions, correct?

24 A I wasn't questioning -- questioning him. I was trying to  
25 question Mr. McDyre.



1 Q Okay. But he was volunteering the information.

2 A Correct.

3 Q He wanted to tell you whatever it was you wanted to know,  
4 correct?

5 A I was trying to clarify for him which records I was  
6 looking for, and that was the extent of the -- there wasn't  
7 really questions; I was explaining what I was looking for.

8 Q Did he tell you, "Go talk to my lawyer"?

9 A No.

10 Q Did he tell you, "I'm not going to talk to you; I'm  
11 invoking the Fifth"?

12 A No.

13 Q Did he say, "I'm not" -- all you got is name, badge, and  
14 serial number.

15 A I'm sorry; repeat that question?

16 Q By the way, do you know when his daughter got married?

17 A I know it was this summer.

18 Q Okay. It certainly wasn't 2016, was it?

19 A No.

20 Q Okay. Have you looked at the pretrial report?

21 A I have not seen it. I'm not privy to that.

22 Q Okay. Do you know that, in fact, that he came back  
23 here -- by the way, you've never spoken to anybody, whether  
24 it's federal, state, or local, regarding the search warrant  
25 that was executed a year ago?

1 A I spoke to some federal agents about the timing of the  
2 search warrant, but I don't know of the substantive nature of  
3 it.

4 Q Did you talk to those -- which -- the federal agents who  
5 were involved?

6 A Not involved, but in this instance an HSI agent got a  
7 phone call from CBP on his departure. And that's the extent of  
8 my knowledge.

9 Q Okay. Did you ask or did anybody contact you regarding  
10 the property that was seized?

11 A No. I didn't have anything to do with it.

12 Q When you say you didn't have anything to do with it, you  
13 knew that -- you're -- been involved for two years; is that  
14 correct?

15 A Correct.

16 Q And it's your testimony here that -- how big is your unit  
17 or task force?

18 A There's four case agents -- five case agents.

19 Q Five cases?

20 A Correct.

21 Q Okay. And you never paid any attention to a search  
22 warrant that was executed on him and his stations and NOIL.

23 A I paid attention to one piece of the property that they  
24 seized.

25 Q Which was?

1 A A Bugatti.

2 Q Right. In fact, didn't you go to his house this morning  
3 or didn't you have agents go to his house this morning?

4 A I did.

5 Q Yeah. And you knew where he lived, correct?

6 A I thought I did.

7 Q Well, he -- he -- they let you in, they showed you the  
8 garage, correct?

9 A Correct.

10 Q Okay. That was the address that the U.S. Attorney just  
11 asked you about, wasn't it? He asked you if you had an  
12 address, right?

13 A I had an address. Yes.

14 Q Okay. Did you go to that address?

15 A I went to the address that I knew that he lived at, but  
16 it's not the same address that he reported when we arrested  
17 him.

18 Q Did you -- by the way, did you know that the -- that there  
19 is currently a temporary protective order issued by the judge  
20 in the case that you were talking to Mr. Sargsyan's lawyer  
21 about? Did you know about that?

22 A I am -- I am unaware of that.

23 Q Okay. Did you know that -- that Edgar allowed the --  
24 well, you didn't do any -- you haven't looked at that case  
25 file, have you?

1 A Which case file?

2 Q The civil case file of the litigation.

3 A I have not.

4 Q Okay. You just saw a declaration, correct, that you were  
5 shown that was marked as an exhibit?

6 A Correct; Exhibit 6.

7 Q Right. What was the paragraph -- what does it say in the  
8 paragraph right after the one you read?

9 A I believe we read paragraph six? Is that correct?

10 Q That's correct. What does paragraph seven say?

11 A Would you like me to read it?

12 Q Yes.

13 A It says:

14 "I am aware Defendant's counsel claims in the motion  
15 that I fled the United States because of this" --  
16 I'm sorry. My copy is a little messed up. I think  
17 that says:

18 "-- issuance of a search warrant. My reasons for  
19 reside in Istanbul at this time have nothing to do  
20 with the search warrant, and I have not" -- quote,  
21 unquote -- "'fled' the United States. I am currently  
22 residing in Istanbul for legitimate business  
23 purposes, operating my business and other investments  
24 I have in" --  
25 I believe that says "several." My copy is not very

1 good, but:

2 "--several countries."

3 Q Okay. Are you aware that almost all of the information  
4 you've received regarding Mr. Termendzhyan's flight risk has  
5 been generated by Edgar Sargsyan or his lawyer?

6 A It's not generated by those two sources.

7 Q That's your -- that's your testimony today, that it's not  
8 generated by them?

9 A Part of it is, but I've spoken to a few more people than  
10 that.

11 Q Okay. Well, you've spoken to Edgar Sargsyan? Did you  
12 talk to him?

13 **MR. ROLWING:** I'm going to object to this discovery.

14 **THE COURT:** It's -- I was just about to say it's  
15 getting to the point -- what I -- you know, let's -- let's go  
16 directly -- I do realize part of what he is doing is attempting  
17 to undermine the credibility of the sources of information, and  
18 I'm going to let him continue to do that.

19 **MR. GERAGOS:** But can you -- I'll -- I'll move on.

20 **BY MR. GERAGOS:**

21 Q Is there any other witness that you -- you want to name  
22 who said that they feel threatened?

23 **THE COURT:** And I'm not going to --

24 **MR. GERAGOS:** If you're not going to consider that, I  
25 won't get into it.

1           **THE COURT:** Not going to -- yeah, let's -- let's --  
2 let's do it this way. At this point I've heard a lot of  
3 evidence and a lot of cross examination on the economic factors  
4 and the -- and the potential flight risk. I don't think I need  
5 to consider -- I'm not going to make a decision one way or  
6 another on any of -- any danger other than economic at this  
7 time. So --

8           **MR. GERAGOS:** That's fine. I'll -- I -- then, I  
9 don't need to --

10 **BY MR. GERAGOS:**

11 Q But do you have -- the tracing that you've done involves  
12 130 million; is that correct?

13 A Over 130 million went to Turkey, yes.

14 Q Right. And how much of that came from the gentleman -- or  
15 the two gentlemen who were the co-defendants in Utah?

16 A I -- without my spreadsheets in front of me it's hard to  
17 say, but I know that, you know, in -- in 2015 and '16, tens of  
18 millions of dollars came from SBK USA or a related company.

19 Q Tens; not a hundred and thirty.

20 A No.

21 Q Correct. So, a hundred and thirty, you're just taking the  
22 Utah monies and you're lumping it in with Mr. Termendzhyan's  
23 tens millions. Is that correct? Do I have that right?

24 A When I look at it, it's money from Washakie; it's money  
25 from SBK USA; or other money that we've uncovered that goes to

1 Turkey.

2 Q Right. What I am asking you, though, is, when you did the  
3 tracing, all you've got coming from him going to Turkey is  
4 roughly 10 million; isn't that correct?

5 A When you say "coming from him," that's difficult in the  
6 sense that the fraud proceeds were all manufactured, if you  
7 will, by joint ventures by both of them.

8 Q Well, where were the -- when you say the "fraud proceeds,"  
9 the proceeds and the indictment -- you're aware of the  
10 indictment, correct?

11 A I am.

12 Q Okay. The indictment doesn't allege a conspiracy between  
13 the Utah two defendants and Mr. Termendzhyan, does it?

14 A No, but you asked me what money from Mr. Termendzhyan went  
15 to Turkey.

16 Q Right. That's what I'm saying. It was roughly  
17 \$10 million, wasn't it?

18 A That's incorrect.

19 Q Well, it wasn't a hundred and thirty, was it?

20 A It's over \$130 million.

21 Q From Mr. Termendzhyan?

22 A From all related parties.

23 A I'm not asking that question.

24 **THE COURT:** Hold on a second.

25 **MR. GERAGOS:** I'm asking specific --

1           **THE COURT:** Let me -- let me clear up, because my  
2 understanding may be wrong and Mr. Geragos may be right, but my  
3 understanding when the agent testified was that the 130 million  
4 was traceable to -- either directly to the defendant or to  
5 entities that are the defendant-controlled entities, as opposed  
6 to Mr. Kingston or one of the others. So, they may be joint  
7 ventures, but -- so, SBK Holdings -- am I correct that that is  
8 one of the entities that the Government alleges he has a direct  
9 involvement in?

10           **THE WITNESS:** Correct.

11           **THE COURT:** Okay. So, when you say \$130 million  
12 traceable, you're -- you are tying it to this defendant either  
13 directly or through entities that you are saying he has a  
14 direct participation in.

15           **THE WITNESS:** So, the -- it's more than 130. The  
16 130 million is Washakie and SBK Entities. And without my  
17 spreadsheets in front of me, I -- just guessing, I think it's  
18 in the neighborhood of 40 to 50 million if we just look at SBK  
19 Holdings, USA.

20           **THE COURT:** And your prior testimony was that those  
21 are entities that are very directly connected to the defendant.  
22 So, for that 40 million you're talking about this defendant,  
23 not something that is, you know, connected only by a -- it was  
24 Kingston and he -- we know he has a connection outside of  
25 the -- the actual, like, corporate structure.



1                   **THE WITNESS:** That's correct.

2                   **THE COURT:** Okay.

3                   **BY MR. GERAGOS:**

4           Q       But is Washa- -- is it pronounced Washakie?

5           A       It's Washakie. That's correct.

6           Q       Yes. Washakie -- is there -- do you have any evidence  
7 that that's owned or controlled by Levon Termendzhyan?

8           A       I don't. He's not -- he doesn't have --

9           Q       It is not, correct?

10          A       Correct.

11          Q       Okay. Out of the 130 million, how much is that -- how  
12 much of that is Washakie?

13          A       I don't understand the question.

14          Q       Well, you said there's 130 million that went out, right?

15          A       Correct.

16          Q       Okay. How much of that, of that 130, is Washakie?

17          A       Maybe it will be -- maybe it will be better if I explain  
18 how it comes in. The U.S. Treasury pays money to Washakie;  
19 Washakie either sends it directly from Washakie to Turkey or  
20 they send it to SBK USA and then it goes to Turkey.

21          Q       How much did Washakie send to SBK?

22          A       I believe it's 35 million, roughly.

23          Q       Okay. And how much did SBK send to Turkey?

24          A       Like I said, I think it's 30 to 40 million.

25          Q       So, if it was 30 to 40 and they only received 35, you're

1 saying it doesn't tie in?

2 A No, I'm saying he sent some money on his own that didn't  
3 come from Washakie.

4 Q Okay. So, the only money that he's got that went to  
5 Turkey that came from Washakie, if I understand correctly, is  
6 roughly 35 million without your tracing charts in front of you.

7 A Correct.

8 Q Okay. So, is it a fair statement that the remainder of  
9 the 130 that you testified about to the U.S. Attorney came from  
10 Washakie to Turkey?

11 A Correct.

12 Q Okay. So, if we've got 35 million -- by the way, when  
13 Washakie sends it to SBK, then Washakie is the one who actually  
14 got the credits, correct?

15 A Are you talking about SBK Turkey or USA?

16 Q Well, first, when Washakie gets the money, how much do  
17 you -- I've heard all these numbers bandied about. Washakie  
18 got how much money?

19 A Five hundred -- a little over \$500 million. Washakie has  
20 no connect -- we have no evidence that that's connected to  
21 Mr. Termendzhyan in terms of control, correct?

22 A Control over the funds?

23 Q Correct.

24 A At Washakie that's correct.

25 Q Okay. Washakie then sends 35 million to SBK, correct?

1 A That's my recollection, yes.

2 Q Washakie also sends other funds to other vendors in the  
3 U.S., correct?

4 A In terms of --

5 Q They pay other bills.

6 A Correct. Sure.

7 Q Okay. They pay millions of dollars in other bills to  
8 other people in America, correct?

9 A Correct.

10 Q Okay. They -- when they pay those bills to the others in  
11 America, they pay as much as 10 or 20 million to other people  
12 in America, correct?

13 A Correct.

14 Q Because they're buying the component parts of what it  
15 takes to either produce the 100 or the 99 fuel, correct?

16 A In many cases they didn't even purchase product, but they  
17 did pay some bills, correct.

18 Q Correct. Tens of millions of dollars, correct?

19 A Correct.

20 Q Okay. Now, in that case, they don't know -- you're not  
21 alleging that the vendors who are getting paid or that the  
22 money that's coming from Washakie, you're not alleging that  
23 they knew whether or not the tax credits that were received  
24 were actually legitimate or illegitimate, are you?

25 A That was a long question. I'm not sure where it started.

1           **THE COURT:** Yeah. No, and I -- and the Court finds  
2 it entirely irrelevant. What --

3           **MR. GERAGOS:** Okay. Well, then the --

4           **THE COURT:** What's relevant to me, so far, is, you  
5 know --

6           **MR. GERAGOS:** Thirty million dollars.

7           **THE COURT:** Thirty-five million dollars is a lot of  
8 money to most people, and my understanding, at least -- and I  
9 want to make sure that I'm clear about this -- is the -- the  
10 allegation, you know, based on the -- the scheme that's set  
11 forth in the indictment and the testimony I've had today is  
12 that at least that 35 million is part of the scheme to defraud  
13 and was knowingly funneled through Washakie to SBK and it wound  
14 up -- whether or not it's the Government bought something or is  
15 available to the defendant, it wound up in Turkey. Is that a  
16 fair statement, or no?

17           **THE WITNESS:** Correct. And to continue on with that  
18 theory, the total amount paid to Turkey was paid to SBK  
19 Turkey -- or to SBK AS in Turkey or its affiliated investments,  
20 which Mr. Termendzhyan has a business relationship with.

21           **THE COURT:** Okay. So, when you say total amount,  
22 that's more than the 35 million?

23           **THE WITNESS:** That's the 130 plus.

24           **THE COURT:** The 130 you're -- what you're saying is  
25 part of it went through an SBK United States entity and then

1 went to Turkey, and the rest of the 130 million went from  
2 something like Washakie --

3 **THE WITNESS:** Directly to Turkey.

4 **THE COURT:** -- directly to Turkey, but to a Turkish  
5 entity that the Government alleges he has an interest in.

6 **THE WITNESS:** Correct.

7 **THE COURT:** Okay.

8 **BY MR. GERAGOS:**

9 Q And you have documents to support that the Turkish entity  
10 is controlled by Mr. Termendzhyan?

11 A We have a lot of witness statements.

12 Q You don't have any documents, do you?

13 **THE COURT:** Yeah, and we're not in a trial now, and  
14 we don't need to do that.

15 **MR. GERAGOS:** I understand. I -- they -- we've come  
16 a long way from 500 million. I have no further questions.

17 **THE COURT:** Okay. Very briefly, I would like  
18 argument. Actually, I don't know that I need it, but I am  
19 going to give everybody the opportunity to -- to put a circle  
20 around things.

21 **MR. ROLWING:** Has -- can I ask just a few questions  
22 just to wrap it up?

23 **THE COURT:** A few. A few. They're going to turn the  
24 air conditioning off soon --

25 **MR. ROLWING:** Oh.

1           **THE COURT:** -- and then you're going to want to be  
2 gone, let me tell you.

3           **MR. ROLWING:** That is bad news for me. I am a  
4 particularly hot individual.

5                           **REDIRECT EXAMINATION**

6           **BY MR. ROLWING:**

7           Q     Have -- has there -- have witnesses informed the  
8 Government that Mr. Dermen has admitted to being a partner in  
9 SBK AS in Turkey?

10          A     That's correct.

11          Q     And, so, money coming from Washakie from its fraud scheme  
12 going to Turkey is going to his partnership in Turkey.

13          A     That's correct.

14               **MR. ROLWING:** So, your Honor, it might just be 35  
15 million that went through SBK.

16          Q     Have you seen other evidence of NOIL sending money  
17 directly to SBK?

18          A     I have.

19          Q     Eleven-million-dollar wire in 2016?

20          A     Correct.

21          Q     So, there's not just the 130 million from Washakie that  
22 was fraudulently obtained from the IRS, but 35 million and  
23 other money that Mr. Termendzhyan has put into Turkey.

24          A     Correct. And I'm not -- I'm not involved in the financial  
25 investigation of Mr. Termendzhyan himself. I was focused on

1 the fraud proceeds from the IRS through Washakie to either  
2 Turkey or Mr. Termendzhyan himself.

3 Q And the 483,000 that Washakie paid to his Turkish bank  
4 account at Guaranty Bank didn't go through SBK USA or SBK AS;  
5 that was just for his -- the back tax on his mansion, according  
6 to the wire, correct?

7 A Correct.

8 Q So, there's even more money than what you've described.

9 A Yes.

10 **MR. ROLWING:** Your Honor, whether it's 35 million,  
11 165 million, or, as the press release, the Republic of Turkey  
12 has announced, 500 million since 2013 with a pledge of another  
13 450 million, coincidentally, when his co-defendants are  
14 applying for another 600 million of tax credits, trying to  
15 steal a billion dollars -- whether it's 35, 165, 500 or a  
16 billion, it's enough for Mr. Termendzhyan to live the rest of  
17 his life.

18 **BY MR. ROLWING:**

19 Q Did you hear any witness -- have you -- have you --

20 **MR. GERAGOS:** I don't understand. Are we doing  
21 argument?

22 **THE COURT:** I thought we were doing argument at this  
23 point myself.

24 **MR. GERAGOS:** Or is this an interactive experience?

25 **THE COURT:** Yeah. This is -- thank you, Mr. Geragos.

1 I actually -- I think, unless Mr. Geragos has any follow-up  
2 questions, since you had a few, I think we can have the agent  
3 step down now.

4 Is there any --

5 **MR. ROLWING:** Final question.

6 **THE COURT:** -- anything you want to ask?

7 **MR. GERAGOS:** No. I mean --

8 **MR. ROLWING:** Final --

9 **THE COURT:** No, no; we're -- we're doing argument  
10 now.

11 **MR. ROLWING:** Oh. Okay.

12 **THE COURT:** We're doing argument now.

13 Thank you very much for your trademark.

14 **THE WITNESS:** Thanks, your Honor. Do you want me to  
15 leave the things up here or take them?

16 **THE COURT:** You -- you can just leave them there.

17 **(Witness stepped down)**

18 **(Pause; voices and whispers off the record)**

19 **MR. ROLWING:** There is no amount of money, no amount  
20 of real estate, given these allegations, the evidence that's  
21 uncovered, that would assure and should assure this Court that  
22 Mr. Termendzhyan will appear. He -- at the -- at the search  
23 warrant he fled to Turkey. Now he's been indicted and facing  
24 significant federal felonies and a continuing investigation, of  
25 which he was not aware until Thursday, and he will flee, should



1 he be released, to Turkey and live the rest of his days there.  
2 So, I submit that we've proved beyond a reasonable -- beyond a  
3 preponderance -- I'm sorry; I get used to that -- that he is a  
4 flight risk, and I ask this Court to detain him.

5 **THE COURT:** Mr. Geragos?

6 **MR. GERAGOS:** Thank you, your Honor. We've come a  
7 long way in the 90 minutes. We started off with somewhere in  
8 the neighborhood of a billion dollars; we then went to 500; we  
9 then went to 130; then upon cross examination maybe it's 35,  
10 and, by the way, I didn't do a financial investigation. I get  
11 it.

12 **THE COURT:** It's certainly --

13 **MR. GERAGOS:** But that isn't the standard.

14 **THE COURT:** It's certainly enough money that I -- I'd  
15 like to win it in Powerball, but --

16 **MR. GERAGOS:** I -- I -- look, I -- and I think it was  
17 Judge Damrell up in Sacramento who once said to me, you know, a  
18 million here, a million there, you combine it, pretty soon it's  
19 a lot of money. But the fact of the matter remains; what --  
20 and -- and I don't say this facetiously. I say it because I've  
21 had cases like this. Government lawyers don't seem to  
22 understand, especially in cases that involve oil, gas, or  
23 commodities and things like that, there is a very narrow margin  
24 on these things. I don't know, and they haven't alleged --  
25 and, you know, they can supersede if they want later on -- they

1 haven't alleged that he knew what they were doing with the  
2 credits or anything else. All they have alleged, as I was  
3 trying to get to towards the end, is that there was outflows  
4 going to pay vendors. That's what the evidence shows. If it  
5 wasn't -- if he wasn't Levon Termendzhyan and if this was the  
6 refinery down in Torrance and they were writing a check because  
7 he's the one who's supplying gas or oil to an FBO, they  
8 wouldn't be making this -- this argument. They had -- and the  
9 agent was candid -- they had two people in their sights. He  
10 is -- I can't emphasize enough. In fact, the irony of the fact  
11 that his last misdemeanor trial that I tried was in front of  
12 Judge Mader is -- is beyond ironic, but the -- the -- and was  
13 acquitted on one of those counts and acquitted by a jury, he  
14 doesn't -- this isn't a man -- he's got a track record of not  
15 fleeing. He doesn't have any incentive to flee. His kids are  
16 here. His daughter just got married this summer and is living  
17 here. The idea that somehow he's going to flee for -- because  
18 of 35 million that went to Turkey is -- is -- I realize it's a  
19 lot of money, but we have offered to pledge 25 million in  
20 addition to the four that's already sequestered by order of  
21 Judge Ferrari. So, whatever loss they have or claim to have  
22 that they need to prove, he's offering dollar for dollar for  
23 bail. I -- and I apologize; I'm not familiar with the form  
24 you've got in front of you. I'm at a disadvantage --

25 **THE COURT:** It's actually not in front of me. It's

1 just a --

2 **MR. GERAGOS:** Yeah. I'm at a disadvantage on the  
3 form. I will tell you that I'm familiar with the Ninth Circuit  
4 standards, as I'm sure you're -- you're much more familiar than  
5 me. But the Ninth Circuit standards, at least when I look at  
6 them, just say you've got to have the least restrictive  
7 possible. I'm going to utter it again just so the record is  
8 clear. He will wear a GPS device. They have already told me,  
9 when I spoke to the pretrial officer, that they have that,  
10 pretrial, available here in the Central District. I know for a  
11 fact that they do because Navnoor Kang, who was a client of  
12 mine, who has just self-surrendered in Morgantown day before  
13 yesterday, was allowed by pretrial to travel on the airplane  
14 with the GPS device. That was a person who, by the way, was  
15 accused of bribery in the New York state pension fund system.

16 **THE COURT:** Yeah; that's some other judge. I  
17 don't --

18 **MR. GERAGOS:** Well, I understand. I'm just saying in  
19 terms of the GPS device. We've also offered --

20 **THE COURT:** The GPS device, by the way, is not --  
21 it's not a real-time -- oh, suddenly it goes off and they're  
22 there to get them right away.

23 **MR. GERAGOS:** That's why I'm offering -- that's  
24 exactly why I'm offering to also -- we have -- we have  
25 contacted and we will contract with, as a condition of bail,

1 that before he's released, Guidepost -- it's Guidepost  
2 Solutions, who are retired -- all retired law enforcement, FBI,  
3 CIA -- will act as an intermediary to have real-time  
4 supervision of him and report directly to the Court, not to me.  
5 We -- we will have a bail package, as we've indicated to  
6 pretrial, of both property and cash in -- close to \$30 million  
7 is what pretrial has -- with a GPS monitor, with an independent  
8 third party whose first obligation is to report to the Court  
9 and supervise. If the Court is in any way inclined, I would  
10 ask the Court to allow me to present that package so that the  
11 Court can see it. It has worked innumerable times in other  
12 jurisdictions, and they -- given the fact that he has shown up  
13 and has been through this and it's not his first rodeo, and it  
14 didn't take very long here to, frankly, damp down what the  
15 original allegation that you heard was down to size, I would  
16 submit to you that this is something -- not only does he want  
17 to fight; I had to tell him to stop talking to me ten times  
18 because all he wants to do is fight these allegations.

19           The idea that he's going to flee is just -- I -- and  
20 I apologize; I've -- if I'm -- you told me to calm down at one  
21 point. I have known this guy. When you try a case with a  
22 client not once, not twice, but three times, you know somebody  
23 and you know whether they're going to flee. There is no chance  
24 of him fleeing. None. And there is certainly not going to be  
25 a chance of him fleeing if we put up \$30 million in property

1 and cash, if he's on a GPS, and if he's got 24/7 guards to  
2 report to the Court if he so much as steps off of the property.  
3 And there is virtually no way to prepare this case with him in  
4 custody, with the kind of financial documents, with him getting  
5 lost at the Rancho Cucamonga West Valley Detention Center on a  
6 daily basis, which is why we're here today and not yesterday --  
7 I would submit to the Court all of those things augur for,  
8 under the Ninth Circuit standards, bail on these conditions,  
9 and I will -- I'd ask that the Court let me present those to  
10 you in formalized fashion so that the Court can make what I  
11 consider to be -- or comply with the Ninth Circuit law on this  
12 matter.

13 **THE COURT:** I don't need to hear from the Government.  
14 I mean, you know, you are one of the most eloquent  
15 lawyers that I've, you know, had the -- the pleasure both to  
16 litigate against many decades ago -- we haven't seen each other  
17 in decades --

18 **MR. GERAGOS:** I've aged; you haven't, so --

19 **THE COURT:** No, I have, but you're being nice.  
20 But -- and you've incredibly eloquent here, and you do, of  
21 course, have recourse both to the district court here or  
22 perhaps the district of Utah if that's the way you want to go.  
23 And you are absolutely correct about the standard. That's why  
24 the finding of the Court has to be that there are no conditions  
25 or combination of conditions. The issue I have even with the

1 package you propose is, money wise, the -- the amount of money  
2 even -- even the very reduced amount that's traceable with the  
3 present allegations, even setting aside that there is any  
4 continuing investigation going on, is -- you know, it's -- it's  
5 sort of like -- sometimes we only need maybe to make a  
6 defendant put up a thousand bucks because that thousand bucks  
7 is going to, you know, kill their mom if they -- if she has to  
8 pay it. Here the amount of money, the -- and the access is --  
9 is concerning. And the fact is just the -- the fact that he's  
10 lived in Turkey, he has said he was residing in Turkey; the  
11 proffer, which I don't think was rebutted, was that he has --  
12 has not come back to participate in civil proceedings despite  
13 court orders -- just on depositions; I'm not talking about  
14 skipping on a criminal -- a criminal issue or anything. The  
15 timing of some of his travel is of concern, but not the primary  
16 concern of the Court; but, you know, the -- the Government  
17 standard is just a preponderance of the evidence here, and so I  
18 do find that there are no condition or combination of  
19 conditions that would adequately assure that he would, you  
20 know, show up for further proceedings here or in Utah because  
21 of those strong ties to Turkey, the admitted -- or the evidence  
22 of a lot of money in Turkey, and the fact that the Court is  
23 relatively certain that if he does manage to make it to Turkey  
24 that he is not going to be able to be brought back for  
25 proceedings here.

1 I am not going to make a finding on danger to the  
2 community at this time. I am not finding that the Government  
3 hasn't met its burden on economic danger. I told you I wasn't  
4 going to even consider the further allegations of -- of --  
5 regarding danger or witnesses. That would be up to the  
6 Government to -- to carry its burden on if -- if for some  
7 reason there is a need in the future. So, I am going to make  
8 the finding only on flight risk at this -- at this time.

9 So, the -- the question becomes -- I have a waiver of  
10 identity in the file, but I don't take those waivers until  
11 after I make a finding on detention or bail because sometimes  
12 the counsel in the -- and client decide for some reason that  
13 they want to put the Government through their paces on whatever  
14 else they -- they have to.

15 **MR. GERAGOS:** Which is what -- that's what we opt  
16 for.

17 **THE COURT:** You opt for scheduling it for an identity  
18 hearing?

19 **MR. GERAGOS:** Correct.

20 **THE COURT:** Then, we'll go ahead and do that. I'm  
21 going to tell you I'm out of pocket until after the holiday.  
22 I'm here tomorrow, but we can't order a defendant back on that  
23 quick notice, which -- so, there's going to be some kind of  
24 burden on the Government; they're going to have to come back  
25 out. So, we'll set it for an identity hearing. I can do it

1 the -- August --

2 **MR. GERAGOS:** Did you say the week -- the following  
3 week?

4 **THE COURT:** No, no, it's this -- the holiday is  
5 Monday.

6 **MR. GERAGOS:** Right. So, which is --

7 **THE COURT:** So, I can --

8 **MR. GERAGOS:** -- the 3rd?

9 **THE COURT:** We have to pull out the fancy -- we  
10 shouldn't have it in court -- iPhone here to look at my court  
11 calendar. Yeah, so I am available to do it on the day after  
12 the holiday, on the 4th. How bad is the -- the -- you know, if  
13 we did it in the afternoon? And, you know, again, it's an  
14 identity hearing. You can have it done by a local AUSA if  
15 that -- you know.

16 **MR. ROLWING:** Special Agent Hatcher (phonetic) is  
17 available to identify the defendant right now. I think he  
18 testified he just met him two months ago.

19 **THE COURT:** It sounded -- it -- yeah, I mean, I --  
20 all I would actually need is about, you know, two questions on  
21 his booking fingerprints versus, you know, some other case. I  
22 could put him back on right now. It really does seem -- but,  
23 I -- you know, I'm not going to make him -- make him waive, and  
24 we didn't set this for an identity hearing, so --

25 **MR. GERAGOS:** Correct. Why don't we just set it for



1 the 4th. If I work something out with the U.S. Attorney in the  
2 interim we can always take it off calendar, can we not?

3 **THE COURT:** If you can work something out, we'll --  
4 we'll do that.

5 You know, I didn't -- there was one thing I had meant  
6 to state and I didn't when I was making my -- my findings, is I  
7 do appreciate the kind of package that you've offered, but  
8 know -- I know the realities of what is, you know, actually  
9 physically possible from many prior, you know, and -- and more  
10 recent hearings, and there really is no real-time way even if  
11 he's, you know -- so, what, you -- you would notify the Court  
12 at 2:00 o'clock in the morning that, you know, something's  
13 happened to his electronic monitoring? It's just not real-  
14 time. And unless the Government itself is following him  
15 around, it's not --

16 **MR. GERAGOS:** They --

17 **THE COURT:** -- you know, it's --

18 **MR. GERAGOS:** They have the ability. I -- I admit --  
19 readily admit I haven't done it in the Central District. I've  
20 done it in the Southern District or co-counsel has done it in  
21 the Southern District. The -- they have the ability; there are  
22 third-party -- it's called -- the entity is called Guidepost  
23 Solutions. They do that.

24 **THE COURT:** Well --

25 **MR. GERAGOS:** They do a 24/7 monitoring, and they not

1 only notify the Court, they take -- they act as the same way as  
2 a bail agent would. They've got the authority to do it. So,  
3 that is the -- that's why I would ask that -- if you want to  
4 set it for the identity hearing on the 4th, I'd ask you to  
5 reserve your decision on detention and let me submit at least  
6 that.

7 **THE COURT:** I'm not going to reserve my -- my  
8 decision, because, as I said, you have the -- you know,  
9 continuing to put that issue over to my calendar makes no  
10 sense. If you want to -- we've got a more fulsome record than  
11 I've had in any identity hearing in the three and a half years  
12 I've been on the bench. I know that's not a long time, but  
13 I've had a lot of -- I mean detention hearings. I've had a lot  
14 of detention hearings. If you think that's the thing that's  
15 going to make a difference -- I don't think it is -- then take  
16 it to the duty district judge.

17 **MR. GERAGOS:** I understand.

18 **THE COURT:** So, I am going to order him detained, and  
19 we'll -- you know, and we'll set it for an identity hearing on  
20 the 4th.

21 I don't know, you know, Government, if you want to --

22 **MR. GERAGOS:** Like I said, I --

23 **THE COURT:** -- you know, pick a time.

24 **MR. GERAGOS:** -- I'll talk with the Government  
25 tomorrow, and I'll talk with local counsel in Utah, as well.

1           **THE COURT:** All right. So, let's go ahead and set  
2 that for -- if I set it for 2:00 o'clock in the afternoon, you  
3 actually could -- if you decide you want to come out, you could  
4 come out and go back again on the same day. I realize that's  
5 a -- kind of a pain.

6           **MR. GERAGOS:** I think -- I hate to speak for the  
7 marshal --

8           **THE COURT:** Hold on. Hold on a second.

9           **MR. GERAGOS:** -- but I think they prefer when he's  
10 housed at West Valley --

11           **THE COURT:** Well, hold on a second. Hold on.

12           **MR. GERAGOS:** -- that it's a 2:00 o'clock.

13           **THE COURT:** Oh, Tuesday I have to do it after --  
14 after 3:00 p.m. because I -- we share courtrooms, which is why  
15 my -- my chambers are on the other side of the --

16           **MR. GERAGOS:** Far, far away.

17           **THE COURT:** So, we'd have to set it at 3:00 o'clock.  
18 In fact, just to be -- well, he gets off the bench usually  
19 earlier than he says he's going to, so we'll set it for  
20 3:00 o'clock on -- on the 4th. I can guarantee you that that  
21 identity hearing isn't going to last more than 15 minutes,  
22 though, so hopefully you'll either be able to work something  
23 out or -- or I, frankly, think it's going to be -- since the  
24 agent is here, it's -- I, frankly, think it's going to be a bit  
25 of a waste of time and money.

1           **MR. GERAGOS:** That's why -- that's why I just -- I  
2 ask that it be set as a placeholder. I'd also ask for a  
3 medical order. He's having extreme medical issues, and I'd ask  
4 for the Court to order that, as well.

5           **THE COURT:** Well --

6           **MR. GERAGOS:** He's being housed at the county  
7 facility, which does not have --

8           **THE COURT:** I need to -- because we have these  
9 requests all the time and I can't control either the BOP or the  
10 jail, I need a little more than "he's having extreme" -- if you  
11 want to clear the courtroom --

12           **MR. GERAGOS:** He's urinating blood.

13           **THE COURT:** If -- if -- that's indeed --

14           **MR. GERAGOS:** And he's had a -- he's had a cardiac  
15 event within the last five years; he's had a stent implanted.

16           **THE COURT:** Okay. Then, I will --

17           **MR. GERAGOS:** He's got cardiac issues.

18           **THE COURT:** I will order that he get seen by the  
19 medical staff within -- let's see; what is today? Today is --

20           **MR. GERAGOS:** Twenty-eighth.

21           **THE COURT:** Yeah. I'm just trying to --

22           **MR. GERAGOS:** Tuesday.

23           **THE COURT:** I'm going to order that he be seen by the  
24 medical personnel by the end of the week.

25           And, Ms. Carson, let's make sure that we -- if we

1 have to, we'll -- we'll talk to -- you know, contact  
2 San Bernardino directly. Sometimes it takes a while for the  
3 order if he's not being housed in MDC to get where it needs to  
4 go.

5 And that that -- that's -- it's not a medical report  
6 that you want the Government -- want the Court to see, right?  
7 You just want it -- okay.

8 **MR. GERAGOS:** No. I just want him examined.

9 **THE COURT:** Okay. He -- he'll -- he is to be  
10 examined based on the -- the proffer of what sounds like a  
11 pretty severe medical condition by the end of the week.

12 All right. Given that we are perhaps going to see  
13 each other again, the only other issue -- and, so, I am going  
14 to order him, obviously, remanded at this time, but not to be  
15 transported until after either an agreement of the parties  
16 or -- or if -- if the Court indeed finds that he is the person  
17 named in the indictment, then I don't think we have anything  
18 left to do today.

19 **MR. GERAGOS:** No. Thank you, your Honor.

20 **THE COURT:** All right.

21 **MR. ROLWING:** Thank you, your Honor.

22 **THE COURT:** All right. And -- and I do want to thank  
23 everybody both for their patience, and the argument was really  
24 good today, and -- but I -- like I said, I'm not sure I've ever  
25 had an almost two-hour detention hearing before in my

existence.

(Proceeding was adjourned at 6:16 p.m.)

CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

A handwritten signature in black ink, appearing to read "Toni Hudson", is written over a horizontal line.

Signed

September 7, 2018

Dated

TONI HUDSON, TRANSCRIBER